



# Department of Justice

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## **JUSTICE DEPARTMENT APPROVES ACQUISITION OF ENGLISH CHINA CLAYS BY IMETAL AFTER PARTIES AGREE TO DIVESTITURES**

WASHINGTON, D.C. -- The Department of Justice today reached a settlement with Imetal, SA that will allow the company to go forward with its \$1.24 billion cash tender offer to acquire English China Clays, plc, after the companies agreed to sell certain assets used in the mining, production and sales of several types of minerals used in paper making and other related industries.

The Department's Antitrust Division filed suit today in U. S. District Court in Washington, D.C. against Imetal and English China Clays (ECC) to block Imetal's proposed acquisition of all of ECC's businesses. At the same time, the Department filed a proposed settlement that, if approved by the Court, would settle the case and eliminate the transaction's potential harm to competition in four different markets--water-washed kaolin, calcine kaolin, ground calcium carbonate, and fused silica.

"Without this settlement, consumers who purchase these products for a wide variety of uses, including paper, paints, adhesives, and sealants, would have paid higher prices," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "This agreed-upon divestiture will ensure that consumers continue to have the benefits of competition."

According to the complaint, the proposed acquisition would substantially lessen competition in four separate markets. Imetal and ECC are two of only five producers of water-washed kaolin and calcined kaolin, and are the dominant producers of fused silica in the United States. In addition, Imetal, through its interest in a joint venture called Alabama Carbonates, and ECC are the only two suppliers of ground calcium carbonate to paper mills in the Southeastern U.S.

Water-washed kaolin is a type of clay used as pigment for coating paper and as a filler in the body of the paper. It adds brightness, gloss, strength, and other important characteristics to the paper. Calcined kaolin is a type of water-washed kaolin that is heat-treated to enhance its whitening and brightening capabilities. Calcined kaolin is used in paper-making when the paper requires a greater opacity. Ground calcium carbonate (GCC) is another mineral used as a pigment in paper-making.

Fused silica is a material used in applications such as investment castings, high-grade glass, refractory applications such as the preparation of ceramics, and preparation of epoxy molding compounds used in the electronics industry. Fused silica improves resistance to heat and corrosion, and improves electrical non-conductivity.

Under the proposed settlement, Imetal has agreed to divest assets and operations in each of these four product areas. To remedy the competitive problem in water-washed kaolin, Imetal has agreed to sell one of its plants in Sandersville, Georgia, along with sufficient reserves to operate the plant. The company has also agreed to sell two calciners, the equipment used to convert water-washed kaolin into the higher-quality calcined kaolin, thus removing the competitive problem in that market. Imetal will sell its interest in the Alabama Carbonates joint

venture, as well as sufficient stone reserves to allow that entity to remain a long-term competitor. Finally, Imetal will sell ECC's fused silica operations, known as Minco Inc. In each of these markets, the proposed divestitures will preserve competition and protect Imetal's and ECC's customers from price increases and other anticompetitive actions.

Imetal is a French company that owns a U.S. subsidiary, DBK Minerals Inc., which in turn owns Dry Branch Kaolin Co. and Georgia Marble Co. ECC is a British company that owns a U.S. subsidiary, English China Clays Inc. In 1997, Imetal's U.S. operations had domestic revenues of over \$200 million, and ECC's U.S. operations had domestic revenues of about \$600 million.

As required by the Tunney Act, the proposed Final Judgment will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530 (202/307-0924).

At the conclusion of the 60-day comment period, the Court may enter the Final Judgment upon a finding that it serves the public interest.

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